NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange, all grades of bulk butter are unchanged: Grade AA is $1.1600, Grade A is $1.0600, and Grade B is $1.0500. At the National Cheese Exchange in Green Bay, barrels are unchanged at $1.2550 and 40# blocks decreased 1 cent to $1.3150.

According to NASS, U.S. cold storage holdings of butter on February 28, 1997 total 24.3 million pounds, an increase of 14.7% from January but 27.9% lower than February 1996. Natural American cheese holdings total 380.5 million pounds, down 0.3% from last month but 7.3% more than a year ago. Government owned butter and cheese inventories remain minimal. Nonfat dry milk holdings at the end of January total 76 million pounds, 7.0% more than December but 11.6% less than January 1996.

According to ERS and AMS, the adjusted commercial disappearance of dairy products during 1996 totals 155.06 billion pounds, 0.1% less than 1995 on a daily average basis. Comparing disappearance levels with a year ago: butter was lower; cheese, NDM, and fluid products were all higher.

According to ERS, winter milk production was threatened from a number of directions: poor forage quality, record alfalfa hay prices, storms, and still-high concentrate prices. These factors made it difficult to sustain momentum from the second-half 1996 recovery. Even so, two straight years of relatively high milk prices are expected to produce a fractional increase in 1997 milk production. Milk cow numbers are projected to run about 1.5% below a year earlier through summer. For all of 1997, milk production is projected to increase fractionally. Milk per cow probably will rise only about 2% from the unchanged level of a year earlier. Milk cow numbers are expected to be more than 1% below a year earlier throughout 1997. The BFP is projected to start seasonal rises in summer, to be followed by a sizable autumn rise. Summer prices of all milk are likely to be sharply below the very high prices of 1996. Retail prices are projected to decline slowly through midyear but will remain well above a year earlier. Retail dairy prices probably will average 1 to 3% above 1996. Exports under DEIP are expected to be generally above a year earlier during most of 1997.

Milk production is increasing seasonally throughout most of the country. With many schools out on spring break, Class I sales are generally slower. Manufacturing plant schedules are heavier. Increased volumes of surplus milk are being offered, often from greater distances, to manufacturing plants for processing. Cream demand is steady to slower, particularly where ice cream operations are closing for a long holiday weekend. Production of many other Class II products was slower as holiday orders have been filled.

Most recent powder markets trends are continuing. Buttermilk remains firm as offerings are limited and held with confidence. Condensed sales remain good and limiting volumes being dried. The NDM market is mostly steady although a weaker undertone is developing as production increases and current demand is often unaggressive. Whey and WPC are weaker as production increases seasonally. Some producers are reducing prices to keep inventories from accumulating. New export activity on whey is slow to develop.

SPECIAL THIS ISSUE

BUTTER MARKETS

CHICAGO WHOLESALE

Dollars per pound, trucklot, bulk in fiber boxes, delivered metropolitan area, prices include CCC purchase price whenever bulk butter is moving to CCC from the Midwest area.

GRADE	MARCH 25	MARCH 27	MARCH 28
AA	$1.1600 - 1.1700	$1.1600 - 1.1700	N.A.
A	$1.0600 - 1.0700	$1.0600 - 1.0700	N.A.

( ) Change from previous price.

BUTTER HIGHLIGHTS: At the Chicago Mercantile Exchange, all grades of bulk butter are unchanged. Butter production across the country is increasing as cream becomes available to local churns. Demand is less aggressive now that Easter orders have been filled. Buying interest has slowed, especially from those buyers that were looking for additional bulk butter to supplement local supplies. Overall, butter handlers were pleased with the good sales of the past six weeks. Stocks of both bulk and print butter are sufficient for current needs.

CHICAGO MERCANTILE EXCHANGE

Butter Transactions on **THURSDAY, MARCH 27, 1997**
(CARLOT UNIT = 40,000 - 42,000 LBS.)

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION - LST		
AA	N.C.	$1.1600	OFFER	03/27/97
A	N.C.	$1.0600	BID	03/07/97
B	N.C.	$1.0500	BID	03/07/97

SALES: NONE

BIDS UNFILLED: NONE

OFFERS UNCOVERED: 1 CAR GRADE AA @ $1.1600 (LST)

CHEESE MARKETS

WISCONSIN ASSEMBLY POINTS

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants or storage centers, prices include CCC purchase price whenever cheese is moving to CCC from the Midwest area.

CHEDDAR STYLES	MARCH 24 - 28, 1997
BARRELS*	$1.2450 - 1.2700 (NOMINAL) (.0050)
40# BLOCKS	$1.3250 - 1.3550

( ) Change from previous week. * If steel, barrel returned.

CHEESE HIGHLIGHTS: The cheese market is unsettled. Prices are mixed in heavy trading at the National Cheese Exchange. Orders are spotty prior to the holiday. Process interest is steady to slightly improved from food service accounts. Cheese offerings are, at least, adequate for needs. Cheese production is heavier as extra milk is available from bottlers as demand declined with many schools closed for break.

NATIONAL CHEESE EXCHANGE, INC.

Cheese Transactions on **THURSDAY, MARCH 27, 1997**
(CARLOT UNIT = 40,000-44,000 LBS.)

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION		
BARRELS	N.C.	$1.2550	SALE	03/27/97
40# BLOCKS	-.0100	$1.3150	SALE	03/27/97

SALES ON OFFERS: 9 CARS BARRELS @ $1.2550 (LST)
26 CARS 40# BLOCKS: 13 @ $1.3250,
9 @ $1.3225, 3 @ $1.3175, 1 @ $1.3150 (LST)

SALES ON BIDS: 2 CARS 40# BLOCKS @ $1.3225

BIDS UNFILLED: NONE

OFFERS UNCOVERED: NONE

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS--NOV. 1996-JAN. 1997 AND YEAR-TO-DATE 1995-96 1/

Item	Nov.1995-Jan.1996	Percent change 4/	Nov.1996-Jan.1997	Percent change 4/	Jan.-Dec. 1995	Percent change 4/	Jan.-Dec. 1996	Percent change 4/
	Million Pounds							
MILK								
Production	38,144	-0.6	38,328	0.5	155,425	1.1	154,268	-1.0
Marketings	37,763	-0.5	37,980	0.6	153.863	1.2	152,840	-0.9
Beginning Commercial Stocks 2/	4,292	-1.9	4,890	13.9	4,263	-6.3	4,099	-3.8
Imports 2/	811	-0.7	869	7.2	2,936	2.0	2,911	-0.8
Total Supply 3/	42,866	-0.6	43,739	2.0	161,062	1.0	159,850	-1.0
Ending Commercial Stocks 2/	4,750	0.9	4,975	4.7	4,099	-3.8	4,704	14.8
Net Removals 2/	31	-97.7	48	54.8	2,106	-56.2	91	-95.7
Commercial Disappearance 3/	38,085	2.7	38,716	1.7	154,857	3.0	155,055	-0.1
SELECTED PRODUCTS 5/								
Butter	326.7	12.6	332.0	1.6	1,182.5	7.8	1,171.5	-1.3
American Cheese	776.6	2.8	831.2	7.0	3,145.7	3.8	3,240.2	2.7
Other Cheese	1,048.9	2.1	1,074.4	2.4	4,094.7	1.0	4,186.8	2.0
Nonfat Dry Milk	258.8	21.7	219.3	-15.3	924.5	0.7	1,003.0	8.2
Fluid Milk Products 6/	14,243.0	0.4	14,253.6	0.1	55,113.5	-0.3	55,796.7	1.0

1/ Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. 2/ Milk-equivalent, milkfat basis. Calculated using slightly different factors than previously. Further changes may be made as technical parameters become available. 3/ Totals may not add because of rounding. 4/ From year earlier on a daily average basis. 5/ Commercial disappearance in product pounds. 6/ Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA. This information is now available through AutoFAX. To request a document, dial (202) 219-1107 and enter document number 11521 when prompted.

PRINT BUTTER MARKETS - GRADE AA

NORTHEAST

Prices are unchanged. However, the market tone does not appear as firm as it has been. Contacts report increasing cream offerings, slower print butter demand, and increasing offerings of bulk from producers in other regions of the country. Also, there have been reports that some speculators may be trying to move several loads of bulk. Current production levels are increasing as most Eastern butter/ powder plants' milk receipts are increasing. Prints butter sales are fair to good, but some contacts are a little disappointed with Easter/Passover orders. They wonder if it has anything to do with the fact that those two holidays are three weeks apart this year. Food service orders are slowing now that most deliveries have been made.

DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	1.3700-1.5975
1 LB. PRINTS	1.2850-1.4675
CHIPS/PATTIES	1.3475-1.5175
REDDIES	1.4225-1.6175
CONTINENTALS	1.5025-1.6775

CENTRAL

Central print butter markets are generally steady, although the market tone is unsettled. Prices are unchanged. Butter producers and handlers have varying opinions on the stability of current prices. Churning schedules have fluctuated over the past few weeks as competition for available cream has been strong between Class II and III products. Now that Easter orders for cream cheese, bottled cream, and other cream-based products have concluded and been shipped, butter producers anticipate cream supplies to become more available. Overall, butter stocks are in close balance for current needs. Some butter handlers have secured additional bulk butter from Western areas for Easter needs, but this demand has now slowed. Buying interest during this Lenten season has been stronger than many handlers anticipated, especially at current price levels.

FOB CENTRAL STATES PLANTS: MIN 20,000 POUNDS, $ PER POUND

1/4 LB. PRINTS	1.2600-1.6675
1 LB. PRINTS	1.2250-1.3875
CHIPS/PATTIES	1.2500-1.4600
REDDIES	1.3325-1.5700
CONTINENTALS	1.4900-1.6800

WEST

Western print butter prices are generally unchanged. The market tone is mixed. Some producers are finding that butter stocks are starting to accumulate. Those that have additional stocks are offering discounts of 3 - 4 cents per pound with buyer resistance to purchase additional stocks at this time. Some producers/ handlers feel that the prices will hold once Easter orders have been shipped, while others anticipate a downward trend. Overall, buying interest has been strong during the Lenten season and for the upcoming Easter holiday. Scattered retail feature activity has been good and has cleared large volumes of print butter. Food service orders are also strong prior to Easter. Churning schedules have been lighter due to strong cream demand for other cream-based products, but manufacturers anticipate heavier churning schedules to resume soon.

WHOLESALE SELLING PRICES: DELIVERED WESTERN CITIES
150 - 1000 POUNDS, DOLLARS PER POUND

1/4 LB. PRINTS	1.4450-1.4925
1 LB. PRINTS	1.3625-1.4350
PATTIES	1.4150-1.5825
REDDIES	1.5400-1.5625

FOB CALIFORNIA PLANTS - GRADE AA
100 CASES AND UP, DOLLARS PER POUND

1/4 LB. PRINTS	1.1500-1.2000

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
03/24/97	18,689	103,742
03/01/97	12,968	101,219
CHANGE	+5,721	+ 2,523
% CHANGE	+ 44	+ 2

CHEESE MARKETS

NORTHEAST

Prices are mostly unchanged and the market tone is unsettled. Cheese production is increasing as milk supplies increase seasonally. Offerings of current cheddar from local producers are steady, but more than ample from Western and Midwestern suppliers. Cheese is readily available and some contacts wonder if prices will move lower in the near future. Demand is just fair at the retail level. Food service orders have been good as Easter Sunday is typically a very good day for dining out. Orders from restaurants have been good, but slowing now that most deliveries have been made. Aged cheddar is still tight, but most other types and styles are readily available.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.3450-1.8075
Cheddar Single Daisies	:	1.3150-1.8025
Cheddar 40# Block	:	1.4625-1.6125
Process 5# Loaf	:	1.4650-1.6050
Process 5# Sliced	:	1.4850-1.6300
Muenster	:	1.5050-1.9025
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is unsettled. The closing price activity at the National Cheese Exchange on March was unchanged for both barrels and blocks. The wide spread between blocks and barrels (7 cents) remains a concern for barrel producers competing for milk. The current plan to cease trading at the National Cheese Exchange this spring has caused confusion and raised questions for many in the industry. Orders are steady to generally lighter. Most processors/packagers are operating on reduced schedules due to the holiday on Friday (March 28). For many, the holiday is good timing since orders are generally not sufficient to warrant full 40 hour schedules on most lines. A short term blip in aged cheddar sales has occurred during the past few weeks but prices remain competitive. Process sales are steady to slightly improved from some food service accounts. A few extra promotions are occurring on Swiss cheese to help stimulate sales. Cheese supplies are building at many operations but remain far from “desperation” levels. Milk and cheese production continues to lag year ago levels at some operations but output is increasing slowly from week to week.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.5775-1.6175
Brick And/Or Muenster 5#	:	1.6200-1.7825
Cheddar 40# Block	:	1.5775-1.9150
Monterey Jack 10#	:	1.7775-1.9150
Blue 5#	:	1.9300-2.1500
Provolone 10 - 12#	:	TFEWR
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6600-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.2400-2.4850

WEST

Prices are mostly unchanged. However, the market tone is a little unsettled. Production levels are steady to heavier as plant receipts of surplus milk are increasing. Some areas are experiencing a heavier than normal flush. Coupled with increasing milk output, school vacations are creating increased volumes of surplus milk. However, some contacts report that the increasing milk volumes do have lower fat and protein tests which affect yields. Cheese stocks are readily available for the slow to fair demand. Buyers are taking a wait and see attitude toward spot purchases until they have a better idea what is happening to cheese prices and production levels.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4450-1.6900
Cheddar 40# Block	:	1.5075-1.7300
Cheddar 10# Cuts	:	1.7425-1.8475
Monterey Jack 10#	:	1.6925-1.8100
Grade A Swiss Cuts 6 - 9#	:	2.3200-2.3525

FOREIGN TYPE CHEESE

Prices are mostly unchanged. Demand for traditional table cheeses for the Easter/Passover season is fairly good, but sales of other imported or foreign type cheese are just fair. Importers’ stocks range from light to adequate. Current import levels are lighter than expected because of changes in the EU’s export refund program on cheese shipped to the U.S. and the currency exchange rates. At the end of February, the EU has already used up 74% of its "GATT Year-2" cheese export subsidies.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK IMPORTED	NEW YORK DOMESTIC
Roquefort	5.5000-6.8900	-0-
Blue	2.6400-3.1400	1.6600-2.2275
Gorgonzola	3.2400-5.9400	2.2825-2.4900
Parmesan (Italy)	7.1700-8.0000	3.0325-3.1075
Romano (Italy)	2.3900-2.9000	-0-
Provolone (Italy)	3.4400-5.5000	1.3325-1.8400
Romano (Cows Milk)	-0-	2.8625-3.0675
Sardo Romano (Argentine)	2.6500-3.2900	-0-
Reggianito (Argentine)	2.6500-3.2900	-0-
Jarlsberg-(Brand)	2.7400-3.1200	-0-
Swiss Cuts Switzerland	-0-	2.2500-2.5050
Swiss Cuts Finnish	2.5900-2.7200	-0-
Swiss Cuts Austrian	2.2500-2.7500	-0-
Edam		
2 Pound	TFEWR	-0-
4 Pound	2.1900-3.0900	-0-
Gouda, Large	2.3900-3.1500	-0-
Gouda, Baby ($/Dozen)		
10 Ounce	27.8000-31.7000	-0-

* = Price change.

FLUID MILK AND CREAM

EAST

Milk production is still increasing, but at slower rates, in Florida and other Deep South States; steady to slightly heavier in most other sections of the region. In the Southeast, the weather has been favorable for milk production. Fluid milk supplies are heavy and most operations have more than they can use. This week, Florida handlers are shipping nearly 100 loads out of state for processing. For much of the region, schools are on vacation for various periods of time which slows Class I sales. A big factor for slower milk sales in the South is the winter residents are starting to "migrate" back north. The "mass exodus" typically begins the week after Easter. With the still increasing milk production and slower Class I sales, surplus milk volumes are much heavier and most manufacturing plants are full. Many operations are shuffling milk around and looking for plants that still have capacity, but there are fewer and fewer of those. Most plants are running at or above capacity levels. The condensed skim market is a little slower. Users are taking less as many will be down for an extra day or two this weekend. Prices are mostly unchanged, but there is more being offered to both Class II & III buyers. The fluid cream market is weaker as offerings increase and demand slows. Spot prices are steady to mostly lower as suppliers have had to drop multiples to maintain demand. The highest multiples are generally for sales booked late last week when cream supplies were not as abundant. Production of cream cheese, sour cream, bottled cream, and cottage cheese are all slowing now that Easter needs have been filled. Many ice cream makers will also be down from Thursday to Tuesday which is really affecting cream utilization. Others will continue to operate on near normal schedules. Churning activity is increasing.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, $ PER LB BUTTERFAT			
F.O.B. Producing Plants: Northeast	-	1.4098 - 1.5264	
Delivered Equivalent Atlanta	-	1.3780 - 1.6324	M 1.3780-1.4310
F.O.B. Producing Plants: Upper Midwest	-	1.4310 - 1.5052	
PRICES OF CLASS II CONDENSED SKIM, $ PER LB WET SOLIDS			
F.O.B. Producing Plants: Northeast	-	1.1000 - 1.1500	

MIDWEST

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
MARCH 21 - 27, 1997	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1996	0

Class I sales were steady to generally lower as many schools were closed for spring break. Other school systems are scheduled for vacation next week. Retail promotional activity is aiding sales for a few bottlers. Many bottlers/handlers were trying to locate manufacturing milk "homes" prior to midweek to avoid the last minute big discounts on surplus loads over the weekend. Manufacturing milk interest is sluggish as spot offerings are increasing. Reported spot milk prices were lower, ranging from $0.50 under class to $0.75 over. Class II sales remain relatively steady with dip output higher in preparation for the holiday. A few Class II loads were cleared at $1.00 over. Ice cream interest was steady to improved for operations not on break. Cream demand is about steady with offerings little changed. Increased offerings of fluid are available from other parts of the country where volumes exceed manufacturing capacity. Local milk supplies are slowly increasing seasonally. In the upper Midwest, receipts continue to lag year ago levels for most operations. Warmer weather has melted much of the snow cover, but flooding remains a concern for many in northern sections where the winter snow pack was larger than normal and for further “down river”. The frost is leaving the ground in many areas, allowing moisture to soak in, and cutting down on the runoff. Tested hay sold at Wisconsin auctions during the week ending March 24 for good quality (RFV 125-151) sold for $105.00 - 170.00 per ton, mostly 120.00 - 145.00 and good quality (RFV 103-124) went for $90.00 - 160.00 per ton, mostly 110.00 - 140.00.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MARCH 20-26	PREVIOUS YEAR
SLAUGHTER COWS	$ 37.00- 41.00	$ 30.00- 36.50
REPLACEMENT HEIFER CALVES	$100.00-150.00	$ 90.00-130.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MARCH 20-26	PREVIOUS YEAR
SLAUGHTER COWS	$ 36.00- 42.00	$ 31.00- 36.00

WEST

Milk production patterns throughout the Southwestern part of the United States are very positive. Although temperatures in Arizona are warmer than normal for this time of the year, production is reported to be building in all sectors. California is also experiencing nearly ideal conditions for early spring. Although February and March are usually wet months for the region, moisture has been limited this year. In some areas, moisture would be welcomed. Most producers would rather have dryer conditions to contend with versus the muddy lots and herd health problems of years past. Milk volumes are fully sufficient for Class I needs and surplus volumes are keeping manufacturing plants very busy. Milk production in the Pacific Northwest and Northern California ranges from steady to increasing. Nearly ideal weather has given milk output a boost and some contacts feel that this year’s flush may be both early and larger than the past couple years. The Northwest has been without rain for several days and pastures have dried out enough to allow grazing in scattered areas. This grazing is helping ease the need for hay which remains in very tight supply and very expensive. In the Mountain States, the milk flow is steady to higher. Milder, springlike weather is allowing some farmers to begin field work. Bottled milk sales are steady to slower as many schools are on spring/Easter vacations of varying lengths. With schools closed, more surplus milk is available to manufacturing plants. Most are running at or near capacity.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 03/27/97 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Nonfat dry milk prices are mostly unchanged, but lower on the top end of the range. The market tone is steady. Demand is fair to good for producer's limited offerings. There continues to be ample supplies of NDM offered by resellers and from producers in other regions to fill all needs. Contract sales are being delivered on a timely basis. DEIP orders are occurring within the market range. NDM stocks are mostly light.

Includes EXTRA GRADE and GRADE A, all heat treatments
NONFAT DRY MILK: 1.1350 - 1.1750 MOSTLY: 1.1400 - 1.1500

DRY BUTTERMILK - CENTRAL

Buttermilk prices are nominally higher in very light trading. The market tone is firm. The lack of current production, coupled with stocks being held tightly by producers and resellers, is limiting spot trading activity. Demand is fair for the light offerings and not able to fully test the market. Condensed buttermilk orders remain good and are also reducing drying schedules. Stocks are light and held with confidence.

BUTTERMILK: 1.0400 - 1.1100

DRY WHEY - CENTRAL

Whey prices are steady to lower. The market tone is becoming weaker. Producers are lowering prices to keep production moving and remain competitive with other producers and resellers. Demand is fair at best. Exports are especially slow to Mexico. Concerns are being expressed from exporters to Taiwan. Pork exports from Taiwan have been halted due to a disease outbreak. Taiwan's need for whey and other ingredients for hog feeds are being reassessed. Domestically, many buyers are using inventories and/or choosing among offers from producers and resellers for the best deals. Stocks are light to moderate and increasing at many locations.

NONHYGROSCOPIC: .2000 - .2200 MOSTLY: .2075 - .2125

ANIMAL FEED WHEY - CENTRAL

Prices are lower for standard and delactose, unchanged for milk replacer and roller ground whey. All prices are nominal in limited market trading. Demand for feed wheys are declining while offerings are increasing. Most feed buyers are not actively in the market as sales of finished feed products are indicated to be light to steady at seasonally slow levels. Offerings of all types are available and coming under more pricing pressure as edible whey and WPC prices are slightly weaker.

MILK REPLACER:	.1850 - .2075
STANDARD:	.1800 - .1925
ROLLER GROUND:	.2150 - .2250
DELACTOSE (Min. 20% protein):	.3600 - .3800

LACTOSE - CENTRAL AND WEST

Lactose prices are unchanged, but the market tone is firming as the second quarter nears. Contract prices continue to be slowly negotiated. Many producers want to see what others are getting for their product before settling on a price. Some early indications are one to two cents higher for the second quarter. Spot sales are limited and priced at the high end of the range. Production is higher in most areas. Stocks are limited and confidently held.

Including spot sales and up to 3 month contracts.
EDIBLE: .2000 - .2700 MOSTLY: .2300 - .2600

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate prices are lower. The market tone is steady to unsettled. Demand is light to fair for the increasing producers' offerings. Several producers are adjusting prices to keep current and are increasingly willing to accept bids. Production is building along seasonal patterns. Stock levels are growing at more locations.

EXTRA GRADE 34% PROTEIN: .6000 - .6400 MOSTLY: .6150 - .6250

NONFAT DRY MILK - WEST

Nonfat dry milk markets are generally steady, although the undertone is weaker. Prices are steady to lower. Buying interest is slow and unaggressive. Producers are attributing lighter sales to the time of the year and the unsettled/weakness in the market. Stocks of powder range from fully committed for the near future to readily available. Production of powder is increasing as milk volumes build. As drying increases and sales lag, some producers are adjusting their prices to keep inventories manageable.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	1.0900 - 1.1500	MOSTLY: 1.1200 - 1.1300
HIGH HEAT:	1.1200 - 1.1700	

DRY BUTTERMILK - WEST

Buttermilk powder markets remain firm as prices continue to increase. Stocks of powder are limited. Some powder does become available when asking prices are near or at the top of the reported range. Buyers are resistant to the current week high offering prices, although when looking back over the past few weeks, sales eventually occur. Butter production has been lighter during the past few weeks due to strong cream demand. Now that Easter cream-based product orders have been filled, butter operations anticipate more cream to become available, thus more buttermilk should be generated.

BUTTERMILK: 1.0500 - 1.1200 MOSTLY: 1.0650 - 1.0700

DRY WHEY - WEST

Prices are steady to lower. The market tone is mostly steady, but there is some weakness developing. Because of an early flush and the resulting increase in milk volumes, some producers report heavier cheese and whey output. Producer stocks of dry whey range from light to fully adequate. Most dryers report fair to good domestic sales. However, new export sales are slow to develop. Some buyers say they currently have enough whey on hand and are taking a wait and see attitude.

NONHYGROSCOPIC: . 1950 - .2150 MOSTLY: .2025 - .2050

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended March 21, on powder sales of 10,025,207 pounds f.o.b. California manufacturing plants was $1.1166 per pound. This compares to 7,365,846 pounds at $1.1179 for the previous week ending March 14, 1997. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are unchanged. Drying schedules are heavy. Milk production is increasing slowly, but quite a bit more surplus milk is available this week. The many schools on spring break, increasing volumes coming out of Florida and other Southern states, and scattered plant problems are keeping most butter/powder plants full. Powder stocks, at the producer level, range from light to adequate. Demand, this pre-Easter week, is slow to fair. Contacts report that activity has been relatively quiet for the past couple weeks. It seems that buyers are waiting further developments.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST:	1.1400 - 1.1900
DELVD SOUTHEAST:	1.1550 - 1.2050

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged to higher within the range. The market tone remains very firm. However, increased volumes of fluid cream are available this week and churning schedules are up accordingly. Drying time is limited because of the increasing volumes of surplus milk and the improved demand for condensed buttermilk. Producers' stocks are limited. Demand is good and easily clears current offerings. Resellers are very active and moving product at or above the top of the range.

F.O.B. NORTHEAST:	1.0300 - 1.1025
DELVD SOUTHEAST:	1.0800 - 1.1250

DRY WHOLE MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are often lighter. As milk supplies increase, more dryer time is taken with NDM production. Producers' stocks are closely balanced and many still only make dry whole milk when they have orders "in hand." Domestic demand is a little slower. A few new export sales under DEIP have been accepted in the past week or two.

F.O.B. PRODUCING PLANT:	1.2500 - 1.3100

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1996 THROUGH MARCH 21, 1997
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	26,994	MT (59,510,972 LBS)
CHANGE	--	310	MT (683,426 LBS)
WHOLE MILK POWDER	--	1,476	MT (3,253,990 LBS)
CHANGE	--	17	MT (35,274 LBS)
CHEESE	--	1,362	MT (3,002,665 LBS)
BUTTERFAT	--	829	MT (1,827,613 LBS)

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are unchanged to occasionally lower. The market tone is showing more signs of weakness. Most Grade A whey producers are sold out for the next several weeks, and Extra Grade makers are in good balance. Those dryers with a few loads to move are often discounting them to keep powder moving. Buying interest is fair at best. Now that prices appear to be moving lower, spot sales are slowing as buyers, who can, are waiting for lower prices. At this time, stocks and demand are in relatively close balance and prices are holding fairly steady. Prices in other regions are also steady to lower.

F.O.B. NORTHEAST:	EXTRA GRADE	.2000 - .2175
	USPH GRADE A	.2125 - .2200
DELVD SOUTHEAST:		.2175 - .2500

ANIMAL FEED WHEY - NORTHEAST

Prices continue to be too few to report. Offerings are increasing. The overall whey market tone is weakening. Some producers are offering discounts to keep product moving. Others have enough powder under contract to keep stocks from building. Animal feed buyers are taking contracted volumes, but few are making additional purchases at this time.

F.O.B. NORTHEAST:	MILK REPLACER	TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are steady to a little heavier. More areas of the country are experiencing increased milk production coupled with slower Class I sales. This creates more surplus milk for manufacturing plants. Some evaporators eagerly take this extra milk as most are trying to replenish inventories. Retail sales are just fair and producer sales are often centered around replacement needs.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES $22.50 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Prices for both casein types are unchanged. Recent market conditions and trends continue. The market tone for both is steady to weaker. The weakness comes in part from the expiration of first quarter contracts at the high side of each range. Indications are that contract prices are at least five to ten cents lower for the second quarter. Some customers are being aggressively sought after and being offered better deals. Stocks of both types are adequate to meet all needs.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.3000 - 2.4700
ACID:	2.0800 - 2.2500

COFFEE, SUGAR, & COCOA EXCHANGE AND CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

MONTH	03/13	03/14	03/17	03/18	03/19	03/20	03/21	03/24	03/25	03/26
CSCE - CHEDDAR CHEESE -- Cents per pound										
MAR 97	123.50 (0) 0	122.50 (0) 0	120.00 (0) 0	119.50 (0) 0	122.00 (0) 0	123.50 (0) 0				
APR 97	135.00 (15) 0	134.00 (15) 0	131.50 (15) 0	131.00 (18) 10	133.50 (18) 0	135.00 (14) 0	134.00 (18) 5	131.80 (18) 0	129.50 (18) 0	127.50 (16) 2
JUN 97	136.00 (11) 0	136.00 (11) 0	134.50 (11) 0	135.50 (11) 0	134.80 (11) 1	135.50 (11) 0	135.50 (11) 2	133.50 (11) 0	133.00 (11) 0	131.50 (12) 1
CSCE - NONFAT DRY MILK -- Cents per pound										
MAR 97	114.50 (0) 0	114.50 (0) 0	114.50 (0) 0	113.00 (0) 0	112.80 (0) 0	111.30 (0) 0				
APR 97	115.50 (20) 8	115.50 (36) 20	115.50 (36) 0	114.00 (40) 4	113.80 (56) 16	112.30 (52) 0	112.30 (52) 0	112.30 (52) 0	114.50 (52) 0	115.00 (52) 0
CSCE - FLUID MILK -- Dollars per cwt.										
MAR 97	13.66 (0) 0	13.58 (0) 0	13.58 (0) 0	13.63 (0) 0	13.53 (0) 0	13.53 (0) 0				
JUN 97	14.35 (36) 0	14.28 (36) 0	14.08 (36) 0	14.05 (36) 0	14.03 (36) 0	13.93 (41) 5	14.10 (41) 0	13.90 (29) 0	13.60 (41) 0	13.80 (41) 0
AUG 97	15.20 (35) 0	15.30 (35) 0	15.30 (35) 0	15.15 (35) 0	14.90 (35) 0	15.25 (35) 0	15.00 (35) 2	15.30 (34) 0	15.12 (37) 0	15.12 (37) 0
CSCE -BUTTER -- Dollars per cwt.										
MAR 97	106.30 (0) 0	106.30 (0) 0	105.50 (0) 0	108.00 (0) 0	107.50 (0) 0	107.00 (0) 0				
JUN 97	112.10 (10) 0	112.10 (10) 0	113.30 (10) 0	115.80 (10) 0	114.30 (10) 0	113.80 (10) 0	113.80 (10) 0	115.80 (10) 0	115.80 (10) 0	115.30 (10) 0
AUG 97	116.50 (29) 0	116.50 (29) 0	117.70 (29) 0	115.50 (29) 0	115.50 (29) 0	115.00 (29) 0	115.00 (29) 0	117.00 (29) 0	117.00 (29) 0	115.30 (29) 0
CME - FLUID MILK -- Dollars per cwt.										
Apr 97	14.000 (2) 0	14.000 (2) 0	14.000 (2) 0	14.000 (2) 0	14.000 (2) 0	14.000 (2) 0	14.000 (2) 0	14.000 (2) 0	13.800 (2) 0	13.500 (2) 0
CME - BUTTER -- Cents per pound										
APR 97	116.000 (16) 0	116.000 (16) 0	116.000 (16) 0	116.000 (16) 0	115.000 (16) 0	115.000 (15) 2	115.000 (15) 0	115.000 (15) 0	115.000 (15) 0	115.000 (15) 0
JUN 97	117.000 (8) 0	117.500 (8) 0	117.500 (8) 1	117.250 (8) 0	117.250 (8) 1	118.000 (8) 0	118.000 (8) 0	118.000 (8) 0	118.000 (8) 0	117.750 (8) 0
JLY 97	118.500 (48) 0	118.500 (48) 0	119.500 (48) 0	119.500 (48) 0	118.000 (48) 1	119.500 (49) 5	119.500 (51) 4	119.500 (49) 2	119.500 (49) 0	119.500 (49) 0

1/ Open interest for NDM and cheddar -- 4 contracts equal 40,000 pounds. Open interest for fluid milk (at both exchanges) -- 1 contract equals 50,000 pounds. For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's automated hotline at 212-938-2847, or the CME at 312-930-8282.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered March 17 - 28, 1997

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: Trading activity in Western Europe is basically quiet. Much of the current conversations center around the March 31 end of the milk quota year and what will milk volumes be like after April 1. At this time, milk receipts are lower at plants as milk producers make sure they alleviate any quota penalty due to over production. Due to lower milk receipts, many plants are able to do needed maintenance before the heavy production season. Lower milk marketings are being achieved by totally holding milk from the market, while others are reducing rations, thus limiting overall output. Many feel that additional milk will become immediately available, but the additional milk will be short lived as seasonal production is starting to increase. This year, some milk handlers are anticipating a slower seasonal increase, thus a later flush.

BUTTER/BUTTEROIL: Butter markets are steady to weaker. Stocks of butter are low. Production is seasonally light as milk volumes, available to butter/ powder operations, are limited. Demand is slow and unaggressive with some buying interest continuing from Russia. Indications are that light Russian interest will continue for a few more weeks.

82% BUTTERFAT:	1,500 - 1,800
99% BUTTERFAT:	1,950 - 2,000

SKIM MILK POWDER (SMP): Skim milk powder markets are weaker as prices edge lower. Stocks of powder are limited at this time, although somewhat more accessible than a month ago. Some powder is now becoming available as producers that were holding stocks with confidence are now willing to trade with the quota year end near and seasonal production soon to resume. Overall, production patterns are light, typical for the end of the milk quota year. Most operations are anticipating an active production period after April 1.

1.25% BUTTERFAT:	1,700 - 1,845

WHOLE MILK POWDER (WMP): As in other manufactured dairy product markets, the whole milk powder market is basically steady with prices unchanged to slightly lower. Production levels are mixed, depending on available milk supplies. In some areas of Europe, production is lower due to lighter volumes of milk being marketed due to the end of the milk quota year, while in other areas, output is heavier. Stocks range from short to balanced for current needs. No major new trading activity is occurring at this time.

26% BUTTERFAT:	1,770 - 1,850

SWEET WHEY POWDER: Whey powder markets are mixed with prices slightly higher and lower. Overall, market activity is slow and unaggressive. Stocks of powder are sufficient for late season needs. Whey stocks are expected to build as milk production resumes seasonal increases during spring.

NONHYGROSCOPIC:	500 - 525

OVERVIEW: EASTERN EUROPE: Milk production in Eastern Europe is not showing any significant signs of seasonal increases. Winter weather conditions are more prevalent in Eastern Europe than Western areas. Buying interest for manufactured dairy products is not overly aggressive. Stocks are limited which is also contributing to lighter demand at this time.

OCEANIA

OVERVIEW: Milk production throughout this region is decreasing seasonally. In Australia, warmer than usual temperatures late in the season are causing milk production patterns to decline more rapidly. In New Zealand, conditions are more favorable and output is declining on more of a regular basis. Feed stocks, for winter needs, are sufficient, although some producers are reporting lower amounts and poorer quality in comparison to previous years. Winter conditioning of the milking herd continues, with some producers stating that they have seen their herds in better condition at this early winter time. Overall, manufactured dairy product trading activity is quiet. Most producers of manufactured dairy products are making sure that their contractual commitments will be filled before committing to new business.

BUTTER: Butter markets are basically steady at unchanged prices. Buying interest has slowed to the point that most activity is centered around previous commitments. With the milk production season coming to a close in Oceania, international traders are aware of this and no new business is developing. For the most part, producers are making sure that they have sufficient volumes of butter for their previous commitments before entering into any new business.

82% BUTTERFAT:	1,400 - 1,450

CHEDDAR CHEESE: Cheese markets are generally quiet at unchanged prices. As in other dairy product markets, buying interest is limited to previous commitments and no major new interest is developing. Oceania traders continue to center their sales activity toward Asian and Japanese markets.

39% MAXIMUM MOISTURE:	2,100 - 2,300

SKIM MILK POWDER (SMP): Skim milk powder markets are generally steady with prices unchanged. As milk production declines seasonally, so are drying schedules. Although production is trending lower and stocks of powder are tightening, they are generally sufficient for commitments needs through the winter months. Producers are closely monitoring inventory levels before entering into any new business at this time.

1.25% BUTTERFAT:	1,780 - 1,900

WHOLE MILK POWDER (WMP): Whole milk powder market activity continues to center around previous commitments. Production of powder is edging lower as the milk production season comes to a close. Whole milk producers continue to compete with butter and skim powder producers for year end milk volumes. Overall, stocks of whole milk powder are limited, but sufficient for contractual needs.

26% BUTTERFAT:	1,780 - 1,900

Exchange rates for selected foreign currencies: March 24, 1997

.5268 Dutch Guilder	.5923 German Mark
.1757 French Franc	.6964 New Zealand Dollar
.1268 Mexican Peso	.7898 Australian Dollar
1.6195 British Pound	.0081 Japanese Yen
.3247 Polish Zloty	

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1268) = 7.8864. That is 1 US Dollar equals 7.8864 Mexican Pesos.

Source: *Wall Street Journal*

MONTHLY COLD STORAGE REPORT - TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated.

U.S. HOLDINGS OF DAIRY PRODUCTS

COMMODITY	JAN 31, 1995	JAN 31, 1996	REVISED JAN 31, 1997	FEB 28, 1995	FEB 28, 1996	FEB 28, 1997
Cream	832	1,221	---	1,831	1,349	---
Butter	89,900	25,476	21,181	88,230	33,670	24,292
Evap. & Cond. Milk	1,119	788	---	1,440	924	---
Cheese, Natural American	318,191	346,143	381,528	321,647	354,588	380,475
Cheese, Swiss	8,132	8,805	13,253	8,520	9,353	13,471
Cheese, Other Natural	123,378	115,283	104,054	118,485	119,102	101,890
GOVERNMENT OWNED COLD STORAGE HOLDINGS FOR THE U.S.						
Butter	64,493	3,406	161	62,515	3,512	347
Natural American Cheese	449	78	141	421	105	29

FEBRUARY COLD STORAGE HOLDINGS BY REGION

REGION	Natural American Cheese			Butter			Other Natural Cheese		
	1995	1996	1997	1995	1996	1997	1995	1996	1997
New England	11,503	12,968	16,260	3,978	4,091	4,398	103	99	208
Middle Atlantic	36,439	37,256	33,179	3,120	4,545	3,488	9,777	17,797	5,743
East North Central	177,106	200,948	215,066	6,580	6,808	6,121	95,071	89,942	82,233
West North Central	48,016	55,291	61,087	45,080	5,264	2,997	1,461	1,842	2,858
South Atlantic	287	175	306	1,464	1,430	1,292	3,310	3,781	4,991
East South Central	246	171	182	1,261	705	281	4,196	3,701	2,527
West South Central	2,450	67	643	13,677	5,432	578	2,393	76	82
Mountain	27,163	17,829	14,364	1,035	1,338	337	1,184	1,140	1,079
Pacific	18,437	29,883	39,388	12,035	4,057	4,800	990	724	2,169
TOTAL	321,647	354,588	380,475	88,230	33,670	24,292	118,485	119,102	101,890

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.

Graph

COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1996 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total 1/		Commercial		Government		Total 1/		Commercial		Government		Total 1/ 2/		Commercial		Government 2/	
	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
	Million Pounds						Million Pounds						Million Pounds					
January	21	25	21	22	3/	3	382	346	381	346	3/	3/	76	86	75	72	3/	14
February	24	34	24	30	3/	4	380	355	380	354	3/	3/		90		80		10
March		49		47		1		356		356		3/		108		98		10
April		40		37		3		377		377		3/		110		100		10
May		34		33		1		390		390		3/		88		86		1
June		30		29		1		393		393		3/		84		82		1
July		32		31		1		398		398		3/		77		77		3/
August		27		26		1		381		381		3/		67		66		3/
September		21		21		1		373		372		3/		51		50		3/
October		21		20		3/		379		379		3/		48		47		3/
November		18		17		3/		370		370		3/		50		49		3/
December		14		13		3/		380		380		3/		71		71		3/

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Jan 31, 1995	Jan 31, 1996	Jan 31, 1997	Feb 28, 1995	Feb 29, 1996	Feb 28, 1997
	Thousand Pounds					
Butter	25,407	22,070	21,020	25,715	30,158	23,945
Natural American Cheese	317,742	346,065	381,387	321,226	354,483	380,446

1/ Total holdings minus Government owned holdings. For more information, see page 9 of this report.

SOURCE: "Cold Storage," Co St 1 (3-97) and "Dairy Products," Da 2-6 (3-97), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Agricultural Stabilization and Conservation Service.

THE DAIRY OUTLOOK SUMMARY*

Winter milk production was threatened from a number of directions: poor forage quality, record alfalfa hay prices, storms, and still-high concentrate prices. These factors made it difficult to sustain momentum from the second-half 1996 recovery. Even so, two straight years of relatively high milk prices are expected to be sufficient to produce a fractional increase in 1997 milk production. The supply of high quality hay is much tighter than for lower quality alfalfa. Farmers without a full assured supply of good forage will face lower returns as well as substantial problems maintaining milk per cow. Forage conditions cannot ease much until at least midyear. Milk cow numbers are projected to run about 1.5 percent below a year earlier through summer. If forage development is relatively normal, repetition of last year's collapse in milk per cow will likely be avoided. Although spring and summer increases from a year earlier probably will be relatively large, milk per cow is expected to stay below the long-run trend. For all of 1997, milk production is projected to increase fractionally. Milk per cow probably will rise only about 2 percent from the unchanged level of a year earlier. Milk cow numbers are expected to be more than 1 percent below a year earlier throughout 1997.

The BFP is projected to start seasonal rises in summer, to be followed by a sizable autumn rise. Summer prices of all milk are likely to be sharply below the very high prices of 1996. Despite higher manufacturing values, average autumn prices are expected to be modestly below 1996. Although 1997 farm milk prices are projected to decline about $1 per cwt from a year-earlier, they still may be the second highest ever. Retail prices are projected to decline slowly through midyear but will remain well above a year earlier. Retail dairy prices probably will average 1 to 3 percent above 1996. The farm-retail spread is projected to rise 6 to 9 percent.

Further economic expansion is projected to boost consumer incomes and dairy product demand. During the first half of 1997, retail dairy prices will be much above a year earlier, hindering retail sales. However, prices to wholesale users will be fairly favorable to sales growth, as will be second-half retail prices. Sales of both milkfat and skim solids are projected to rise about 1 percent in 1997, with larger gains in the second half than the first. In 1997, commercial use of cheese is expected to rise modestly, possibly similar to 1996's 2 percent. Domestic butter sales are projected to be about steady, but total commercial use may slip because of smaller commercial exports. Disappearance of nonfat dry milk may decline. Although use in processed foods is expected to stay strong, conditions are not likely to be as conducive to use of powder in cheesemaking. Fluid milk sales are expected to repeat 1996's fractional rise.

New contracting under DEIP has been active in recent months, but the quantities covered have been modest. Activity under DEIP reflects the current state of international and domestic markets. Winter is normally the season of greatest accessibility of U.S. dairy products. However, relatively tight markets with substantial uncertainty about conditions later in 1997 have made manufacturers comfortable with holding stocks of dry milk rather than pursuing export deals. On the other side, importers have not been in a rush to make future commitments, in part because strength in the U.S. dollar might lead to softer prices. Exports under DEIP are expected to be generally above a year earlier during most of 1997. Supply commitments from U.S. manufacturers should be much easier to obtain than they were last year. However, world import demand is not expected to be very aggressive. Current use seems to be fairly closely matched with available supplies, and importers have relatively little reason to buy ahead. This year's DEIP shipments are expected to be fairly modest. International prices are expected to stay fairly steady. European supplies will grow with the start of the new quota year and normal seasonal increases. However, the U.S. exportable surplus will be small, and Oceanic supplies are taken care of until late 1997. Price increases might be triggered by a surge in imports by large buyers, but such import buying would be inconsistent with recent behavior or conditions as currently understood.

* This summary was developed by the Market Information Branch, Agricultural Marketing Service, USDA, Washington, D.C.

Source: "Livestock, Dairy, and Poultry Monthly", LDP-M-39, March 20, 1997, Economic Research Service, USDA. For more information, contact James J. Miller, or Laverne T. Williams, (202) 219-0770.

SUMMARY OF PACKAGED SALES OF FLUID MILK PRODUCTS IN FEDERAL MILK ORDER MARKETING AREAS AND CALIFORNIA, GROUPED BY REGIONS, BY MONTHS, 1996 1/

Month	Fluid milk sales by region 2/					
	Northeast	Southeastern	Midwest	Southwest	Far West	Total 3/
	Million pounds					
January	864	887	1,305	406	1,044	4,506
February	796	814	1,178	374	982	4,143
March	842	865	1,236	383	1,038	4,364
April	801	831	1,199	376	1,003	4,210
May	819	839	1,214	378	1,030	4,280
June	748	749	1,062	335	943	3,838
July	780	809	1,136	359	987	4,071
August	798	852	1,207	389	1,023	4,268
September	792	814	1,172	370	1,005	4,154
October	840	866	1,259	391	1,068	4,425
November	824	845	1,220	379	1,025	4,292
December	814	819	1,197	362	1,001	4,193
Total 3/	9,719	9,990	14,384	4,501	12,150	50,743

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California. Fluid milk products include: plain and flavored whole milk, plain, solids added, and flavored lowfat and skim milk, buttermilk, and miscellaneous fluid milk products. 2/ See the table below for the Federal milk order marketing areas included in each region. California is included in the Far West region. 3/ May not add due to rounding.

SOURCE: Monthly summaries of "Federal Milk Order Market Statistics", AMS, USDA, and "California Dairy Information Bulletin," California Agricultural Statistics Service and Milk Stabilization Branch of the California Department of Food and Agriculture.

FEDERAL MILK ORDER MARKETING AREAS GROUPED BY REGION

Northeast
New England
New York-New Jersey
Middle Atlantic

Southeastern
Carolina
Upper Florida
Southeast
Tennessee Valley
Tampa Bay
Southeastern Florida

Midwest
Southern Michigan
E. Ohio-W. Pennsylvania
Ohio Valley
Michigan Upper Peninsula
Chicago Regional
Louisville-Lex.-Evans.
Indiana
S. Illinois-E. Missouri
Central Illinois
Upper Midwest
Eastern South Dakota
Iowa
Nebraska-Western Iowa
Greater Kansas City

Southwest
Southwest Plains
Texas

Far West
Eastern Colorado
Great Basin
Western Colorado
Central Arizona
New Mexico-West Texas
S.W. Idaho-E. Oregon
Pacific Northwest

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE PERIOD OF MARCH 24 - 26, 1997			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/96	SAME PERIOD LAST YEAR	PERIOD ENDING 03/21/97	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	483,600	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	483,600	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	-0-	-0-	-0-	10,041,000
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	10,041,000

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
PERIOD OF MARCH 24 - 26, 1997 =	0.0	0.0	COMPARABLE WEEK IN 1996 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1996 =	4.5	4.8	CUMULATIVE SAME PERIOD LAST YEAR =	0.0	0.0
CUMULATIVE JANUARY 1 - MARCH 26, 1997 =	4.5	4.8	COMPARABLE CALENDAR YEAR 1996 =	0.0	0.0

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22
**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/96 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96
MIDWEST	-0-	-0-	483,600	-0-	-0-	-0-	100.0	0.0
WEST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
TOTAL	-0-	-0-	483,600	-0-	-0-	-0-	100.0	0.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1997

MANUFACTURING MILK: Average Test 3.67% - $10.20 per cwt.; 3.5% - $10.10

DOLLARS PER POUND

BUTTER: Bulk $.6500; 1# Prints $.6800

CHEESE: 40 & 60# Blocks $1.1300; 500# Barrels $1.1000; Process American 5# $1.1825; Process American 2# $1.2225

NONFAT DRY MILK: Nonfortified $1.0470; Fortified $1.0570; Instant $1.2045

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 03/08/97 & Comparable Week 1996

Regions*	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL WEEK	U.S. TOTAL SINCE JAN 1	% DAIRY OF ALL WEEK	% DAIRY OF ALL SINCE JAN 1
1997-Dairy cows HD (000)	0.4	1.5	6.1	6.0	21.2	3.4	3.8	1.5	10.3	4.2	58.4	622.5	49.2	46.8
1996-Dairy cows HD (000)	0.4	1.2	6.6	6.2	19.5	2.6	5.9	1.8	7.7	3.8	55.7	608.4	46.3	46.5
1997-All cows HD (000)	0.4	1.6	8.3	15.3	29.3	15.4	20.7	9.2	11.5	7.2	118.8	1,329.0		
1996-All cows HD (000)	0.4	1.2	8.6	14.8	28.7	16.9	20.5	11.5	10.8	6.8	120.2	1,307.4		

*For source, states included in each region, and historical data, see "Dairy Market News", Vol. 55, Report No. 31

CCC MARKET PRICE INVITATIONS 03/13/97

	MAY DELIVERY	JUNE DELIVERY	JULY DELIVERY
PROCESS	POUNDS	POUNDS	POUNDS
PROCESS LOAF -2 LB.	818,400	818,400	-
PROCESS LOAF -5 LB.	74,400	1,116,000	475,200
PROCESS SLICED	483,600	111,600	673,200
MOZZARELLA	POUNDS	POUNDS	POUNDS
MOZZARELLA	40,320	403,200	-
LITE MOZZARELLA	-	161,280	-
AMERICAN	POUNDS		
BLOCKS	119,850		
NONFAT DRY MILK	POUNDS		
INSTANT 6/4-POUND	237,600		
INSTANT 12/25.6 OZ	376,320		

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/96 = 37,759,764 CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/96 = 6,688,028

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, $/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46										